

ORIGINAL



RECEIVED
MEMORANDUM

2014 JUN 20 P 2:15

Arizona Corporation Commission

DOCKETED

JUN 20 2014

TO: Docket Control Center

FROM: Steven M. Olea
Director
Utilities Division

CORP COMMISSION
DOCKET CONTROL

DOCKETED BY	nr
-------------	----

DATE: June 20, 2014

RE: TRICO ELECTRIC COOPERATIVE, INC. - APPLICATION UNDER A.R.S. §40-252 TO AMEND DECISION NO. 73933 (DOCKET NO. E-01461A-07-0433)

In Decision No. 70399, dated July 3, 2008, the Arizona Corporation Commission ("Commission") approved an application of Trico Electric Cooperative, Inc. ("Trico" or "Company") which sought authority to borrow \$83.98 million in *construction work plan financing from the United States of America through the Rural Utilities Service* ("RUS"). In Decision No. 73933, dated June 27, 2013, the Commission approved an application amending Decision No. 70399 granting an extension of time to utilize the additional RUS funds to July 31, 2014.

As part of Decision No. 73933, the Commission ordered the following:

"IT IS FURTHER ORDERED that any authorization to incur debt granted in this proceeding shall terminate on July 31, 2014."

On June 16, 2014, Trico docketed an application under Arizona Revised Statutes ("A.R.S.") §40-252 to amend Decision No. 73933 "to extend the financing authority granted in that Decision from July 31, 2014 until July 31, 2015". The application states that Trico's construction needs were slowed by the downturn in the economy and that, subsequently, the Company will not utilize all of the approved financing by the termination date of July 31, 2014, previously requested by the Cooperative and subsequently approved by the Commission. While this date will not be met, Trico states that it has a "continuing need" for all of the construction financing authorized in Decision No. 73933.

Trico also states that it entered into an RUS loan contract in July 2008 for \$83.98 million. The RUS loan contract terminates on July 31, 2014. After that time, both the RUS loan contract and presumably Trico's guarantee access to this \$83.98 million construction loan will expire.

Given the circumstances, Trico first sought an extension of time from RUS for the loan contract. The Company's application states that Trico has received "tentative approval" from RUS for an extension, but that RUS requires Trico to receive, by June 25, 2014, an extension of the Commission's loan authorization termination date approved in Decision No. 73933. However, Trico has informed Staff that RUS will grant Trico an extension if Trico receives an extension of the Commission's loan authorization termination date on July 22, 2014, the next regularly scheduled Open Meeting day for the Commission.

Based on the application and all of the above, Staff does not oppose the Company's request for extension of time of its financing authority granted in Decision No. 73933 from July 31, 2014 until July 31, 2015. The extension is based on construction slowdown connected with the downturn in the economy and appears to be a necessary requirement for the continuation of the RUS loan contract.

Staff further recommends that the Company file any future requests requiring Commission approval 90 days prior to expiration date of any loans or any other matters that require Commission approval.

Staff also recommends the Company notify the Commission of its intent to file an application or an extension of time for the renewal of the \$83.98 million RUS loan no later than April 1, 2015.

SMO:CLP:tdp